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Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 SP-02 ICA-11 AID-05 EB-08 NSC-05
TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 AGRE-00 L-03 H-01 PA-01 DOE-15
SOE-02 /113 W
----------016882 302348Z /70
R 302307Z MAY 78
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 5647
INFO AMCONSUL AUCKLAND POUCH

C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 02820

FOR DAS HEGINBOTHAM

E.O. 11652: N/A
TAGS: EGEN, ETRD
SUBJECT: GOVERNMENT OF NEW ZEALAND REQUEST FOR
- ECONOMIC CONSULTATIONS

REF: WELLINGTON 2161

1. SUMMARY: THE GNZ HAS AGAIN RE-EMPHASIZED ITS WISH FOR ECONOMIC CONSULTATIONS. SECRETARY OF THE TREASURY LOUGH, WHO WOULD CHAIR THE N.Z. SIDE, HAS UNDERSCORED THE INTENSE INTEREST IN THIS TOPIC BY PRIME MINISTER MULDOON. THE GNZ AGAIN ASKED THE USG TO RECONSIDER ITS POSITION AND AGREE THAT SUCH TALKS THIS YEARS COULD BE A USEFUL INTERCHANGE BETWEEN TWO CLOSE ALLIES. END SUMMARY.

2. DURING VISIT HERE BY AUSTRALIA-NEW ZEALAND COUNTRY DIRECTOR-DESIGNATE FRANK BENNETT, A NUMBER OF GNZ OFFICIALS WITH WHOM BENNETT SPOKE RAISED THE QUESTION OF NEW ZEALAND-U.S. ECONOMIC CONSULTATIONS THIS YEAR. CONFIDENTIAL

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STRONGEST ARGUMENTATION WAS ADVANCED BY SECRETARY OF THE TREASURY NOEL LOUGH. LOUGH, WHO WOULD CHAIR NEW ZEALAND SIDE, MADE A SPECIFIC REQUEST TO SEE BENNETT WHEN HE HEARD LATTER WAS IN TOWN. (WE HAD ARRANGED A MEETING FOR BENNETT WITH TREASURY DIRECTOR OF EXTERNAL ECONOMIC DIVISION.)

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3. IN HIS MEETING, LOUGH FIRST OF ALL UNDERSCORED THAT THE ECONOMIC CONSULTATIONS HAD BEEN ORIGINATED BY PRIME MINISTER MULDOON WHEN THE LATTER WAS FINANCE MINISTER. MULDOON, SAID LOUGH, WAS DEEPLY DISAPPOINTED AT THE U.S. REFUSAL TO HOLD TALKS THIS YEAR, FEELING THAT IT WAS ESSENTIAL THAT THIS LINK WITH THE U.S. NOT BE ALLOWED TO WITHER. CONSEQUENTLY, THE PM HAS KEPT PRESSURE ON HIS OFFICIALS TO KEEP THE MATTER OPEN WITH US. IT IS FOR THIS REASON THAT THE TOPIC WAS ADVANCED DURING THE VICE PRESIDENTIAL VISIT WITH DAS HEGINBOTHAM AND WHY LOUGH HAD ASKED TO SEE BENNETT.

4. LOUGH THEN WENT ON TO EMPHASIZE THAT HE FELT THE UNITED STATES WAS PERHAPS MISINTERPRETING THE NEW ZEALAND CONCEPT OF THE TALKS. IT WAS THE GENERAL RATHER THAN THE SPECIFIC THAT THE GNZ WISHED TO EMPHASIZE. WHILE NOT DISCOUNTING THAT BILATERAL SUBJECTS WOULD COME UP IN THE TALKS, LOUGH SAID IT WAS PRIMARILY GLOBAL ISSUES OR GENERAL QUESTIONS OF U.S. BROAD POLICY THAT WELLINGTON WISHED TO DISCUSS. IN NO WAY WAS THE SESSION TO BE A NEGOTIATING MEETING. IN FACT, THE APPOINTMENT OF THE TREASURY SECRETARY TO HEAD THE N.Z. DELEGATION, RATHER THAN SOMEONE FROM FOREIGN AFFAIRS OR TRADE AND INDUSTRY, WAS DONE TO UNDERLINE THIS FACT. IT IS VERY IMPORTANT, SAID CONFIDENTIAL

LOUGH, TO KNOW OF U.S. POLICIES AND INTENDED ACTIONS IN THE ECONOMIC ARENA AS THESE ACTIONS, WHETHER GLOBAL, REGIONAL (E.G., THE EC) OR DOMESTIC, HAVE AN IMPACT ON NEW ZEALAND.

5. IN A SUBSEQUENT CONVERSATION WITH EMBASSY ECONOFF, TREASURY EXTERNAL ECONOMIC DIVISION DIRECTOR SUGGESTED FOLLOWING TOPICS AS ILLUSTRATIVE OF THE TYPE OF BROAD SUBJECT MATTER THAT THE GNZ WOULD LIKE TO COVER IN THE TALKS:

---GENERAL AGRICULTURAL PROTECTIONISM AND ITS RELATION
- TO THE MTN;

---THE INTERNATIONAL ADJUSTMENT PROCESS (STABILITY
- OF THE U.S. DOLLAR AND THE INTERNATIONAL MONETARY
- SYSTEM);

---ENERGY; OIL SUPPLY, DEMAND, AND PRICING IN THE
- U.S. AND GLOBALLY;

---GLOBAL ECONOMIC INTERDEPENDENCE (A DISCUSSION OF

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- CONCEPTS NOT INSTITUTIONS, EXCEPT FOR PERHAPS THE
- COMMON FUND);

---ECONOMIC DEVELOPMENT IN THE PACIFIC BASIN.

5. AS TO LEVEL, LOUGH RE-
EMPHASIZED THE GNZ WISH TO MEET ON THE SECRETARY OR
UNDER SECRETARY LEVEL. BECAUSE THEY APPRECIATE THE
HEAVY DEMANDS ON THESE OFFICIALS, THE GNZ IS REASONABLY
FLEXIBLE ON TIMING. THE IMPORTANT THING FOR THEM IS
MEANINGFUL DISCUSSIONS BEFORE ANOTHER YEAR SLIPS BY.

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R 302307Z MAY 78
FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 5648
INFO AMCONSUL AUCKLAND POUCH

C O N F I D E N T I A L SECTION 02 OF 02 WELLINGTON 02820

6. COMMENT: EMBASSY CONTINUES TO FEEL STRONGLY THAT
USG REFUSAL TO PROCEED WITH CONSULTATIONS THIS YEAR
WILL BE A CONSTANT IRRITANT IN OUR BILATERAL RELATIONSHIP,
AND WE AGAIN REPEAT OUR REQUEST (PARA 3, REFTEL) THAT
THE DEPARTMENT RECONSIDER ITS POSITION ON THIS QUESTION.
HEALY

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